

Message Text

LIMITED OFFICIAL USE

PAGE 01 ISTANB 02365 020940Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 TRSE-00 EB-08 COME-00
CIAE-00 INR-10 NSAE-00 OMB-01 FRB-03 AID-05 L-03
/053 W

-----043764 030526Z /20

R 020900Z AUG 78
FM AMCONSUL ISTANBUL
TO SECSTATE WASHDC 214
INFO AMEMBASSY ANKARA
AMEMBASSY TRIPOLI
AMEMBASSY KUWAIT

LIMITED OFFICIAL USE ISTANBUL 2365

E.O. 11652: N/A
TAGS: EFIN, TU, KU, LY, EINV
SUBJ: ARAB-TURKISH BANK "OFFICIALLY" OPENS FOR BUSINESS

REF: ISTANBUL 425

1. THE ARAB-TURKISH BANK WAS OFFICIALLY OPENED IN CEREMONY JULY 31, 1978. THIS KUWAITI-LIBYAN-TURKISH INSTITUTION HAD IN FACT BEGUN OPERATIONS LAST JANUARY (SEE REFTEL FOR ORIGINAL REPORT ON BANK'S CAPITALIZATION AND MANAGEMENT). BANK IS FIRST OF ANY KIND WITH OR WITHOUT FOREIGN SHAREHOLDERS, TO OPEN IN TURKEY SINCE 1964. ARAB-TURKISH BANK IS UNIQUE IN THAT IT IS ONLY BANK THAT WILL BE EXEMPT FROM FOREIGN CURRENCY CONTROLS IN TRANSFERS OF FUNDS OVERSEAS. HOWEVER, AS BANK'S PROSPECTUS NOTES, FOR ACTIVITIES WITHIN TURKEY, IT WILL OPERATE LIKE ANY OTHER LOCAL BANK, FULLY SUBJECT TO LOCAL BANKING LAWS.

2. BANK'S MAIN GOAL, IN THEORY AT LEAST, WILL FACILITATE TRADE AND COOPERATION BETWEEN TURKEY AND LIBYA. MAJOR PART OF THIS ECONOMIC COOPERATION IS \$100 MILLION CREDIT AGREEMENT WHICH WAS DUE TO BE SIGNED THIS WEEK IN CONJUNCTION WITH BANK'S
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ISTANB 02365 020940Z

OFFICIAL OPENING CEREMONY. WE NOW UNDERSTAND THAT THIS AGREEMENT IS TO BE SIGNED ON AUGUST 7. ALSO, WE HAVE RECEIVED REPORT FROM RELIABLE AMERICAN SOURCES THAT LIBYA IS NOT GOING TO TRANSFER \$100 MILLION CASH TO TURKEY, BUT WILL SIMPLY OFFER GUARANTEE FOR AN INTERNATIONAL Y SYNDICATED LOAN FOR THAT AMOUNT. THIS SYNDICATION IS NOW

PROGRESSING, BUT WAS NOT COMPLETED IN TIME FOR THE AGREEMENT TO BE SIGNED THIS WEEK.

3. IN HIS REMARKS AT THE OPENING CEREMONY, GOT FINANCE MINISTER MUEZZINOGLU AFTER PRAISING "ARAB BROTHERS", TOOK SWIPE AT LOCAL BANKS BY CRITICIZING THEIR USE OF THE CONVERTIBLE LIRA DEPOSIT SCHEME OVER THE PAST SEVERAL YEARS. FINMIN SAID THAT IN DWELLING EXCESSIVELY ON CLDS, BANKS HAD NEGLECTED MEDIUM-AND LONG-TERM CREDITS THAT WOULD HAVE BEEN OF MORE ASSISTANCE IN TURKEY'S DEVELOPMENT. IN ADDITIONAL GRATUITOUS SWIPE AT DEMIREL REGIME, FINMIN STATED THAT A PREVALENT "FAULTY" UNDERSTANDING OF THE CLD SYSTEM WAS MORE TO BLAME THAN WERE THE TURKISH BANKS THEMSELVES. IN ANY EVENT, SAID MUEZZINOGLU, THE "NON-PRODUCTIVE" CLDS NOW REPRESENT A HEAVY BURDEN ON TURKEY'S BALANCE OF FOREIGN PAYMENTS ACCOUNTS.

4. COMMENT: TO DATE, THE ARAB-TURKISH BANK HAS BEEN OPERATING LIKE A NORMAL COMMERCIAL BANK, DESPITE ITS CHARTER TO FURTHER THE ECONOMIC COOPERATION BETWEEN TURKEY AND ITS ARAB BRETHREN. WE DOUBT IN THE FUTURE THAT THIS BANK WILL BE MORE WILLING THAN THOSE ALREADY IN PLACE TO EXTEND CREDIT TO ANY TURKISH BORROWER, INCLUDING GOT, ON GENEROUS TERMS.
HOUGHTON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ARABS, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ISTANB02365
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780317-0729
Format: TEL
From: ISTANBUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197808108/aaaadmvmq.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a8118b58-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 ISTANBUL 425
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1564503
Secure: OPEN
Status: NATIVE
Subject: ARAB-TURKISH BANK "OFFICIALLY" OPENS FOR BUSINESS
TAGS: EFIN, EINV, TU, KU, LY
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a8118b58-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014